pennsylvania
STATE EMPLOYEES' RETIREMENT SYSTEM

Policy Name:	**SEC "Pay-to-Play" Rule Compliance and Reporting Policy**
Policy Number:	2018 POL-BD-08
Effective Date:	September 12, 2018
Reviewed Date:	January 9, 2018
Applies To:	SERS Board
Contact Person:	SERS Legal Office

I. Purpose.

Rule 206(4)-5 (the "Rule") of the Investment Advisers Act of 1940 (the "Act"), with limited exceptions, prohibits Investment Advisers covered by the Act from receiving compensation from a government entity for investment advisory services for a period of two years from the date of the Investment Adviser's (or their covered associate's) Contribution to an Official. This policy describes the manner by which Board members shall (i) apply the Rule, and (ii) report activities prohibited thereunder. This policy also establishes how the Board shall respond in the event of any violation of the Rule. In the event of a conflict between the Rule and this policy, the provisions of the Rule shall prevail. For purposes of this policy, "Board" and "Board member(s)" include designee(s).

II. Definitions.

"Associated Parties" shall mean and include any general partners, managing members, executive officers, or employees of the Investment Adviser, and/or any third parties affiliated therewith (e.g., spouses, relatives, lawyers, agents, consultants, companies, etc.).

"Contribution" shall mean and include any gift, subscription, loan, advance, or deposit of money or anything of value made for:

(i) The purpose of influencing any election for Federal, State or local office;

(ii) Payment of debt incurred in connection with any such election; or

(iii) Transition or inaugural expenses of the successful candidate for State or local office.

"Investment Adviser" shall mean and include a federally registered investment manager/adviser, or any individual or entity that is otherwise subject to the Rule, which is engaging or seeking to engage in or extend an Investment Relationship with the Pennsylvania State Employees' Retirement System ("SERS").

"Investment Relationship" shall mean and include a compensated relationship between SERS and an Investment Adviser for the purpose of providing investment-related services covered by the Rule, such as money management services, and/or investment advice or consulting (including recommendations for the placement or allocation of investment funds), for funds or assets overseen by the Board.

"Official" shall mean and include any person (including any election committee for the person) who was, at the time of the contribution, an incumbent, candidate or successful candidate for elective office of a government entity, if the office:

(i) Is directly or indirectly responsible for, or can influence the outcome of, the hiring of an Investment Adviser by a government entity (e.g., SERS); or

(ii) Has authority to appoint any person who is directly or indirectly responsible for, or can influence the outcome of, the hiring of an Investment Adviser by a government entity (e.g., SERS).

III. Prohibition of Contributions by Investment Advisers.

SERS shall not knowingly enter into an Investment Relationship with an Investment Adviser if the Investment Adviser has made a Contribution to an Official within the past two years. This prohibition shall apply to Contributions made directly by the Investment Adviser or indirectly through Associated Parties.

However, this prohibition shall not apply to Contributions made by Investment Advisers (and/or their Associated Parties) to Officials for whom they (i) were entitled to vote at the time of the Contribution and which in the aggregate do not exceed $350 to any one Official, per election, and (ii) were not entitled to vote at the time of the Contribution and which in the aggregate do not exceed $150 to any one Official, per election. This policy imposes no restrictions on activities such as making independent expenditures to express support for candidates, volunteering, making speeches, and other similar conduct.

Prior to the completion of due diligence and any recommendation to the Board to engage an Investment Adviser, in addition to any other "pay-to-play"/campaign finance reporting inquiries made part of SERS' standard due diligence processes, SERS' Chief Investment Officer ("CIO") and/or SERS' Investment Office shall request and receive the following information from the Investment Adviser:

- During the last two years, has the Investment Adviser, and/or any of its general partners, managing members, executive officers, employees, owners, and/or any third parties affiliated therewith (e.g., spouses, relatives, lawyers, agents, consultants, companies, etc.) made, coordinated or solicited any campaign contributions to a member of the Board and/or to a government official?

- If yes, identify (i) the date of the campaign contribution, (ii) the person or entity making, coordinating or soliciting the campaign contribution, (iii) the person or entity receiving the campaign contribution, and (iv) the amount of the campaign contribution.

The CIO shall provide for Contributions disclosed by an Investment Adviser to be reported to the Board, the Executive Director, and the Chief Counsel, and all such disclosures shall be reviewed by SERS and the Board in connection with discussions of an Investment Relationship with the disclosing Investment Adviser.

If a Board member becomes aware that an Investment Adviser and/or Associated Parties have made a Contribution to an Official which is prohibited by this policy, the Board member shall immediately report the Contribution to the CIO, the Executive Director, and the Chief Counsel.

Any Board member who knowingly receives or has received a Contribution from an Investment Adviser and/or Affiliated Parties thereof (even if such Contribution is ultimately returned) shall immediately disclose the Contribution to the CIO, the Executive Director, and the Chief Counsel.

Any agreement, or supporting documentation (e.g., side letters, due diligence questionnaires), involving an Investment Relationship between SERS and an Investment Adviser that is entered into after the effective date of this policy shall be proposed to include terms that are substantially similar to those in Exhibit A, subject to negotiation:

Exhibit A

Model "Pay-to-Play"/Political Contributions Reporting Language for Agreements Between SERS and an Investment Adviser

- For Investment Management Agreements (IMAs):

MANAGER hereby represents and warrants to SERS that it is, and shall at all times during the term of this Agreement continue to be, in compliance with any and all federal and state securities laws and regulations, as well as all other applicable laws, rules and regulations, including without limitation those relating to the (i) licensing of its personnel, and (ii) recordkeeping/reporting of any contribution as required by (A) United States Securities and Exchange Commission ("SEC") Rule 206(4)-5 (the "Rule"), and (B) the Pennsylvania Campaign Finance Act (Article XVI of the Pennsylvania Election Code; see 25 P.S. §§ 3252, 3260a, and 3550).

In order to ensure its compliance with the Rule (regardless of whether MANAGER may otherwise qualify for any exceptions/exemptions thereunder), on or before February 15th of each year during the term of this Agreement, MANAGER shall submit annually to SERS' Chief Counsel (i) a report of any contribution made by MANAGER, any of its executive officers, and/or any of its covered associates, to any official of a government entity of the Commonwealth of Pennsylvania during the previous calendar year (as such terms have been defined in the Rule), including without limitation any current or previous SERS' board member(s) or employee(s), or (ii) an affirmative written statement that no such contributions were made during the previous calendar year.

- For Limited Partnership Agreement Side Letters:

Compliance with Laws. The General Partner's conduct and actions for and on behalf of SERS shall be in compliance at all times with federal and state securities laws and regulations, and all other applicable laws, rules and regulations, including but not limited to those relating to the licensing of its personnel. The General Partner shall comply with the United States Securities and Exchange Commission ("SEC") Rule 206(4)-5 (the "Rule"), including, but not limited to recordkeeping of contributions as required by the Rule.

In order to ensure its compliance with the Rule (regardless of whether the General Partner may otherwise qualify for any exceptions/exemptions thereunder), on or before February 15th of each year during the term of the Partnership, the General Partner shall submit annually to SERS' Chief Counsel (i) a report of any contribution made by the General Partner, any of its executive officers, and/or any of its covered associates, to any official of a government entity of the Commonwealth of Pennsylvania during the previous calendar year

(as such terms have been defined in the Rule), including without limitation any current or previous SERS' board member(s) or employee(s), or (ii) an affirmative written statement that no such contributions were made during the previous calendar year.

Reporting Political Contributions. In addition to any applicable obligations of the General Partner and its Affiliates under Advisers Act Rule 206(4)-5, the Investor has represented to, and the General Partner (on behalf of itself and its Affiliates) understands and acknowledges that the General Partner is subject to the reporting requirements set forth in 25 P.S. § 3260a of the Pennsylvania Campaign Finance Act (Article XVI of the Pennsylvania Election Code). In consideration of the foregoing, the General Partner hereby agrees that if required to submit a report under Pennsylvania law, it shall provide to the Investor a copy of (i) its most recent report submitted to the Secretary of the Commonwealth of Pennsylvania, and (ii) each successive report (if any) by February 15th of each year during the term of the Partnership.

Document Properties

a. Document Owner: Executive Office

b. Document Author: SERS Legal Office

c. Summary of Changes:

Date	Version	Author	Summary
January 9, 2018	2018 POL-BD-08	SERS Legal Office	This policy replaces policy #2010 POL-EO-00 established September 8, 2010 and describes the manner by which Board members shall (i) apply the SEC Pay-to-Play Rule, and (ii) report activities prohibited thereunder. This policy also establishes how the Board shall respond in the event of any violation of the Rule and changed the policy number.